



PRIME MINISTER

**STATEMENT BY THE PRIME MINISTER, THE HON P J KEATING, MP
EXPANSION OF UNITED STATES EXPORT ENHANCEMENT PROGRAM**

The Australian Government strongly objects to the increased allocation of subsidised wheat under the US Export Enhancement Program (EEP), and the extension of the program to new markets, as announced by the US Administration early this morning (Australian time).

With US wheat exports in 1992-93 expected to be around 32 million tonnes, the announcement of a 29.1 million tonne allocation of subsidised wheat means that export subsidies will now be available to cover almost all US exports in this commodity.

We deeply regret that domestic political pressures have overridden a US commitment to the pursuit of a less corrupted international trading environment for farm products. The latest measures are hard to square with assurances by the US Administration that the EEP will be implemented in a way that minimises the effects on Australia's interests. They also threaten to escalate further the trade-subsidy war between the United States and the European Community.

A major concern to Australia is the inclusion of new markets within the scope of the EEP. Australia has frequently argued to the United States that it should not extend the EEP to new markets or new products. The extension of the EEP to South Africa and Pakistan is particularly regrettable.

In Australia's view an expansion in the quantity and coverage of the EEP sends a very negative signal regarding the US commitment to the key Uruguay Round objective of securing an effective rollback on the use of export subsidies.

Australia and the United States both recognise the critical importance of the Uruguay Round to the liberalisation of international trade, including agriculture, and Australia urges the United States to recommit its very considerable political strength to the conclusion of the Round.

The Australian Government will register its concerns about this announcement most strongly and at high levels with the US Administration. The Minister for Trade and Overseas Development, Mr Kerin, will take up these issues during a visit to Washington later this month. The EEP will be a major item on the agenda of the Australia-US bilateral agricultural trade consultations which are scheduled to be held in Canberra on 15 September.

Australia will use every available opportunity - including action in the GATT - to pursue vigorously with the United States and the European Community its longstanding concerns about the use of export subsidies in agricultural trade.

CANBERRA

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